

ROLL CALL

DATE 4-2-07

[illegible]



SENATE STANDING COMMITTEE REPORT

April 2, 2007

Page 1 of 8

Mr. President:

We, your committee on **Natural Resources and Energy** recommend that **House Bill 25** (third reading copy -- blue) be concurred in as amended.

Signed: _____

Greg Lind
Senator Greg Lind, Chair

To be carried by Senator Jesse Laslovich

And, that such amendments read:

1. Title, page 1, line 11.

Following: "RESOURCES;"

Insert: "REQUIRING THE COMMISSION TO ADDRESS CARBON OFFSETS IN
THE APPROVAL PROCESS;"

Following: "ASSETS:"

Insert: "REQUIRING THE PUBLIC SERVICE COMMISSION TO ESTABLISH
TARIFFS;"

2. Page 1, line 12.

Following: "69-8-311,"

Insert: "69-8-402,"

3. Title, page 1, line 16.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

4. Page 3, line 17.

Strike: "69-8-103(3)(b)"

Insert: "69-8-103(4)(b)"

5. Page 5.

Following: line 27

Insert: "(3) "Carbon offset provider" means a qualified third-party entity that arranges for projects or actions that either reduce carbon dioxide emissions or that increase the absorption of carbon dioxide."

Committee Vote:

Yes 5, No 4

Fiscal Note Required _____

KJ

701104SC.spb

Renumber: subsequent subsections

6. Page 6.

Following: line 3

Insert: "(5) "Cost-effective carbon offsets" means any combination of certified actions taken to reduce carbon dioxide emissions, which collectively do not increase the cost of electricity produced annually on a per-megawatt-hour basis by more than 2.5%, including:

(a) actions undertaken by the applicant that increase the absorption of carbon dioxide from a facility or equipment used to generate electricity; or

(b) actions by a carbon offset provider on behalf of the applicant."

Renumber: subsequent subsections

7. Page 11, line 7.

Following: "exemption"

Insert: "-- tariffs"

8. Page 13, line 14.

Following: "KILOWATTS"

Strike: "AND"

Insert: "that is not purchasing electricity from a public utility on [the effective date of this act] or a small customer of a buying cooperative pursuant to Title 35, chapter 19,"

9. Page 13, line 15.

Following: "SUPPLIER"

Insert: "or a buying cooperative established pursuant to Title 35, chapter 19"

Following: "CUSTOMER"

Insert: "or small customer of a buying cooperative pursuant to Title 35, chapter 19,"

10. Page 13, line 18.

Following: "(B)"

Strike: "A"

Insert: "Except as provided in subsection (3), a"

11. Page 13.

Following: line 20

Insert: "(3) Subject to the tariffs established pursuant to subsection (6) and notwithstanding any other provisions of this section, a small customer, as defined in 35-19-102, may:

(a) choose to purchase electricity from a buying cooperative pursuant to Title 35, chapter 19; and

(b) subsequently purchase electricity from a public utility."

Renumber: subsequent subsections

12. Page 13, line 21.

Following: "AFFECTS"

Strike: "A RETAIL CUSTOMER'S"

Insert: "the"

Following: "OBLIGATIONS"

Insert: "of a customer pursuant to subsection (3) or the rights and obligations of a retail customer"

13. Page 13, line 27.

Strike: "(4) (B)"

Insert: "(5) (b) "

14. Page 14, line 1.

Strike: "(4) (A)"

Insert: "(5) (a) "

15. Page 14.

Following: line 4

Insert: "(6) Upon the request of an electricity supplier or a buying cooperative formed pursuant to Title 35, chapter 19, the commission shall prepare the following tariffs for public utilities:

(a) a nondiscriminatory, cost-based tariff indicating the costs that a public utility will incur if transmission and distribution services are provided to another electricity supplier;

(b) a nondiscriminatory, cost-based reentry tariff for the relevant customer class to defray the costs of a customer returning to a public utility, with the commission taking into account, among other things, the benefit to the public utility customers of having increased load from the additional customer to defray costs on all of its systems; and

(c) a nondiscriminatory, cost-based tariff for a customer class to defray the unrecovered, embedded costs of customers that leave the utility. The commission shall, in making a decision on a tariff, take into account the following:

(i) additional demands on the energy supply system that can defray the loss of customers;

(ii) the extent to which the customer leaving the energy supply system will enable the utility to purchase less power, decreasing spot-market or short-term contract purchases;

(iii) the benefit to the utility of not needing to construct additional generation facilities; and

(iv) any other factors that the commission considers necessary."

16. Page 15, line 16.

Insert: "**Section 10.** Section 69-8-402, MCA, is amended to read:

"69-8-402. Universal system benefits programs. (1)

Universal system benefits programs are established for the state of Montana to ensure continued funding of and new expenditures for energy conservation, renewable resource projects and applications, and low-income energy assistance.

(2) Beginning January 1, 1999, 2.4% of each utility's annual retail sales revenue in Montana for the calendar year ending December 31, 1995, is established as the initial funding level for universal system benefits programs. To collect this amount of funds on an annualized basis in 1999, the commission shall establish rates for utilities subject to its jurisdiction and the governing boards of cooperatives shall establish rates for the cooperatives. These universal system benefits charge rates must remain in effect through December 31, 2009.

(a) The recovery of all universal system benefits programs costs imposed pursuant to this section is authorized through the imposition of a universal system benefits charge assessed at the meter for each local utility system customer as provided in this section.

(b) A utility must receive credit toward annual funding requirements for the utility's internal programs or activities that qualify as universal system benefits programs, including those amortized or nonamortized portions of expenditures for the purchase of power that are for the acquisition or support of renewable energy, conservation-related activities, or low-income energy assistance, and for large customers' programs or activities as provided in subsection (7). The department of revenue shall review claimed credits of the utilities and large customers pursuant to 69-8-414.

(c) ~~A utility's distribution services provider utility~~ at which the sale of power for final end use occurs is the utility that receives credit for the universal system benefits programs expenditure.

(d) A customer's ~~distribution services provider utility~~ shall collect universal system benefits funds less any allowable credits.

(e) For a utility to receive credit for low-income-related expenditures, the activity must have taken place in Montana.

(f) If a utility's or a large customer's credit for internal activities does not satisfy the annual funding provisions of subsection (2), then the utility shall make a payment to the universal system benefits fund established in 69-8-412 for any difference.

(3) Cooperative utilities may collectively pool their statewide credits to satisfy their annual funding requirements for universal system benefits programs and low-income energy assistance.

(4) A utility's transition plan must describe how the utility proposes to provide for universal system benefits programs, including the methodologies, such as cost-effectiveness and need determination, used to measure the utility's level of

contribution to each program.

(5) A utility's minimum annual funding requirement for low-income energy and weatherization assistance is established at 17% of the utility's annual universal system benefits funding level and is inclusive within the overall universal system benefits funding level.

(a) A utility must receive credit toward the utility's low-income energy assistance annual funding requirement for the utility's internal low-income energy assistance programs or activities.

(b) If a utility's credit for internal activities does not satisfy its annual funding requirement, then the utility shall make a payment for any difference to the universal low-income energy assistance fund established in 69-8-412.

(6) An individual customer may not bear a disproportionate share of the local utility's funding requirements, and a sliding scale must be implemented to provide a more equitable distribution of program costs.

(7) (a) A large customer:

(i) shall pay a universal system benefits programs charge with respect to the large customer's qualifying load equal to the lesser of:

(A) \$500,000, less the large customer credits provided for in this subsection (7); or

(B) the product of 0.9 mills per kilowatt hour multiplied by the large customer's total kilowatt hour purchases, less large customer credits with respect to that qualifying load provided for in this subsection (7);

(ii) must receive credit toward that large customer's universal system benefits charge for internal expenditures and activities that qualify as a universal system benefits programs expenditure, and these internal expenditures must include but not be limited to:

(A) expenditures that result in a reduction in the consumption of electrical energy in the large customer's facility; and

(B) those amortized or nonamortized portions of expenditures for the purchase of power at retail or wholesale that are for the acquisition or support of renewable energy or conservation-related activities.

(b) Large customers making these expenditures must receive a credit against the large customer's universal system benefits charge, except that any of those amounts expended in a calendar year that exceed that large customer's universal system benefits charge for the calendar year must be used as a credit against those charges in future years until the total amount of those expenditures has been credited against that large customer's universal system benefits charges.

(8) A public utility shall prepare and submit an annual summary report of the public utility's activities relating to all universal system benefits programs to the commission, the

department of revenue, and the energy and telecommunications interim committee provided for in 5-5-230. A cooperative utility shall prepare and submit annual summary reports of activities to the cooperative utility's respective local governing body, the statewide cooperative utility office, and the energy and telecommunications interim committee. The statewide cooperative utility office shall prepare and submit an annual summary report of the activities of individual cooperative utilities, including a summary of the pooling of statewide credits, as provided in subsection (3), to the department of revenue and the energy and telecommunications interim committee. The annual report of a public utility or of the statewide cooperative utility office must include but is not limited to:

(a) the types of internal utility and customer programs being used to satisfy the provisions of this chapter;

(b) the level of funding for those programs relative to the annual funding requirements prescribed in subsection (2); and

(c) any payments made to the statewide funds in the event that internal funding was below the prescribed annual funding requirements.

(9) A utility or large customer filing for a credit shall develop and maintain appropriate documentation to support the utility's or the large customer's claim for the credit.

(10) (a) A large customer claiming credits for a calendar year shall submit an annual summary report of its universal system benefits programs activities and expenditures to the department of revenue and to the large customer's utility. The annual report of a large customer must identify each qualifying project or expenditure for which it has claimed a credit and the amount of the credit. Prior approval by the department of revenue or the utility is not required, except as provided in subsection (10) (b).

(b) If a large customer claims a credit that the department of revenue disallows in whole or in part, the large customer is financially responsible for the disallowance. A large customer and the large customer's utility may mutually agree that credits claimed by the large customer be first approved by the utility. If the utility approves the large customer credit, the utility may be financially responsible for any subsequent disallowance."

Renumber: subsequent sections

17. Page 16, line 24.

Strike: the first "and"

Insert: ", buying cooperatives formed pursuant to Title 35, chapter 19, and"

18. Page 16, line 26.

Following: "identified in"

Insert: "35-19-102 and"

19. Page 16, line 27.

Following: "and (2)"

Insert: "and small customers pursuant to 35-19-102"

20. Page 17, line 20.

Strike: "DECEMBER 31, 2007"

Insert: "March 31, 2008"

21. Page 19, line 12.

Following: "(4)"

Insert: "(a)"

Strike: "THE"

Insert: "Except as provided in subsections (4)(b) through (4)(d),
the"

22. Page 19.

Following: line 16

Insert: "(b) If an air quality permit pursuant to Title 75,
chapter 2, is required for a new electrical generation
resource or a modification to an existing resource, the
commission shall hold the public hearing on the application
for approval at least 30 days after the issuance of the
final air quality permit.

(c) If a final air quality permit is not issued within the
time limit pursuant to subsection (4)(a), the commission shall
extend the time limit in order to comply with subsection (4)(b).

(d) The commission may extend the time limit for issuing an
order for an additional 60 days following the hearing pursuant to
subsection (4)(b)."

23. Page 20.

Following: line 7

Insert: "(e) When issuing an order for the acquisition of an
equity interest or lease in a facility or equipment that is
constructed after January 1, 2007, and that is used to
generate electricity that is primarily fueled by natural or
synthetic gas, the commission shall require the applicant to
implement cost-effective carbon offsets. Expenditures
required for cost-effective carbon offsets pursuant to this
subsection (6)(e) are fully recoverable in rates. By March
31, 2008, the commission shall adopt rules for the
implementation of this subsection (6)(e)."

Renumber: subsequent subsections

24. Page 20.

Following: line 20

Insert: "(8) Until the state or federal government has adopted
uniformly applicable statewide standards for the capture and
sequestration of carbon dioxide, the commission may not
approve an application for the acquisition of an equity
interest or lease in a facility or equipment used to

generate electricity that is primarily fueled by coal and that is constructed after January 1, 2007, unless the facility or equipment captures and sequesters a minimum of 50% of the carbon dioxide produced by the facility."

Renumber: subsequent subsections

25. Page 21, line 8.

Strike: "DECEMBER 31, 2007"

Insert: "March 31, 2008"

26. Page 24, line 30.

Strike: "18"

Insert: "19"

27. Page 25, line 2.

Strike: "18"

Insert: "19"

28. Page 25, line 14.

Insert: "NEW SECTION. Section 24. Effective date. [This act] is effective on passage and approval."

- END -



SENATE STANDING COMMITTEE REPORT

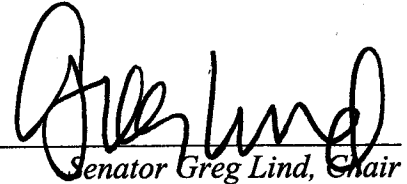
April 3, 2007

Page 1 of 1

Mr. President:

We, your committee on **Natural Resources and Energy** recommend that **House Bill 533** (third reading copy -- blue) **be concurred in as amended.**

Signed: _____


Senator Greg Lind, Chair

To be carried by Senator Mitch Tropila

And, that such amendments read:

1. Page 2, line 4.

Strike: "16%"

Insert: "3.5%"

2. Page 3, line 14.

Strike: "16%"

Insert: "3.5%"

- END -

Committee Vote:

Yes 9, No 0

Fiscal Note Required *K7*

711012SC.spb



SENATE STANDING COMMITTEE REPORT

April 3, 2007

Page 1 of 1

Mr. President:

We, your committee on **Natural Resources and Energy** recommend that **House Bill 688** (third reading copy -- blue) **be concurred in.**

Signed: _____

A handwritten signature in black ink, appearing to read "Greg Lind", written over a horizontal line.


Senator Greg Lind, Chair

To be carried by Senator Kelly Gebhardt

- END -

Committee Vote:

Yes 9, No 0

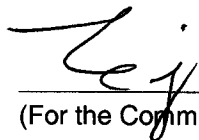
Fiscal Note Required — 

710804SC.spb

COMMITTEE FILE COPY

TABLED BILL

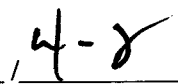
The **SENATE NATURAL RESOURCES AND ENERGY COMMITTEE** TABLED HJ 8, by motion, on
Monday, April 2, 2007.



(For the Committee)



(Secretary of the Senate)

_____, 
(Time) (Date)

April 2, 2007


Cj Johnson, Secretary

Phone: 44-4762


COMMITTEE FILE COPY

TABLED BILL

The **SENATE NATURAL RESOURCES AND ENERGY COMMITTEE** Tabled HB 763, by motion, on
Monday, April 2, 2007.



(For the Committee)



(Secretary of the Senate)

_____, 4-3
(Time) (Date)

April 3, 2007

Cj Johnson, Secretary

Phone: 44-4762


COMMITTEE FILE COPY

TABLED BILL

The **SENATE NATURAL RESOURCES AND ENERGY COMMITTEE** TABLED **HB 271**, by motion, on
Monday, April 2, 2007.



(For the Committee)



(Secretary of the Senate)

(Time)



(Date)

April 3, 2007


Cj Johnson, Secretary

Phone: 44-4762


COMMITTEE FILE COPY

TABLED BILL

The **SENATE NATURAL RESOURCES AND ENERGY COMMITTEE** Tabled HB 276, by motion, on
Monday, April 2, 2007.



(For the Committee)



(Secretary of the Senate)

_____, 4-3
(Time) (Date)

April 3, 2007

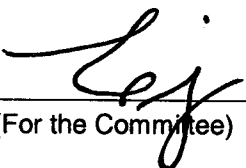
Cj Johnson, Secretary

Phone: 44-4762

COMMITTEE FILE COPY

TABLED BILL

The **SENATE NATURAL RESOURCES AND ENERGY COMMITTEE** TABLED HB 728, by motion, on
Monday, April 2, 2007.



(For the Committee)



(Secretary of the Senate)

_____/ 4-3
(Time) (Date)

April 3, 2007

Cj Johnson, Secretary

Phone: 44-4762

ROLL CALL VOTE

MOTION: Reconsider HI 8 BeConcurred

PASSED

[illegible]

ROLL CALL VOTE

Passed

[illegible]

ROLL CALL VOTE

Be Adopted

Failed

[illegible]

ROLL CALL VOTE

Reverse Motion to TABLE Passed
Failed

[illegible]

[illegible]

ROLL CALL VOTE

MOTION: Be CONCURRED IN - Failed
Reverse Motion to TABLE. Passed

[illegible]

ROLL CALL VOTE

DATE 4-2-07 BILL NO. HB.533 NUMBER 4-5
MOTION: Substitute Motion To Table

Failed

[illegible]

ROLL CALL VOTE

Passed

[illegible]

NATURAL RESOURCES AND ENERGY

ROLL CALL VOTE

PASSED

[illegible]

ROLL CALL VOTE

MOTION: Be Concurred IN - Failed
Reverse Motion to TABLE - Passed

[illegible]

Sen
TASH

SENATE PROXY FORM

According to Senate Rule 30-70 (13) (f) , a committee member may vote by proxy using a standard form.

PROXY VOTE

I, the undersigned, hereby authorize Senator _____

to vote my proxy on any issue before the Senate _____

Nat'l Resources _____ Committee

held on H-2 _____, 2007.

HI 8 NO

Tash
SENATOR
STATE OF MONTANA

SENATE PROXY FORM

According to Senate Rule 30-70 (13) (f) , a committee member may vote by proxy using a standard form.

PROXY VOTE

I, the undersigned, hereby authorize Senator LINT

to vote my proxy on any issue before the Senate NR + E

_____ Committee
held on April 2nd, 2007.

See Back

MANZONRICK
SENATOR
STATE OF MONTANA

HB076303.ajk — NO

HB763 — NO

HB 271 — NO

HB 2702.ajk — NO

HB 533 — Yes

HB 688 — Yes

HB 027601.ajk — Yes

HB 276 — Table — Yes

HB 728 — NO

HB 728 — Table — Yes

SENATE PROXY FORM

According to Senate Rule 30-70 (13) (f) , a committee member may vote by proxy using a standard form.

PROXY VOTE

I, the undersigned, hereby authorize Senator Kanfer

to vote my proxy on any issue before the Senate

Natural Resources

& Energy

Committee

held on

4/02/07

, 2007.

HB 271 - amend, No
- concur, NO

HB 276 - amend, yes
- table, yes

HB 533 - table, yes
- amend, yes
- concur, yes

HB 728 - Concur
No

[Signature]
SENATOR
STATE OF MONTANA

HB 688 - concur, yes

SENATE PROXY FORM

According to Senate Rule 30-70 (13) (f) , a committee member may vote by proxy using a standard form.

PROXY VOTE

I, the undersigned, hereby authorize Senator

Tash

to vote my proxy on any issue before the Senate

Nat Res

Committee

held on

4/2

_____, 2007.

Y HB 728



SENATOR
STATE OF MONTANA

SENATE PROXY FORM

According to Senate Rule 30-70 (13) (f) , a committee member may vote by proxy using a standard form.

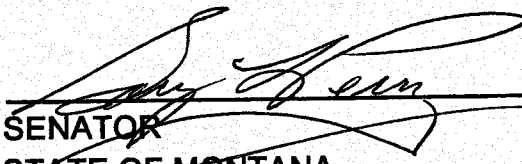
PROXY VOTE

I, the undersigned, hereby authorize Senator Tash

to vote my proxy on any issue before the Senate Nat resources

_____ Committee

held on 4-2-07, 2007.



SENATOR
STATE OF MONTANA

**MONTANA STATE SENATE
2007 LEGISLATURE**

**VISITOR REGISTER
NATURAL RESOURCES**

DATE 4-2-07

BILLS BEING HEARD TODAY ^{HB} HB 196, ^{HB} 271, ^{NB} 276, ^{NB} 533
NB 763, HB 688

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
HALEY BEAUDRY	560-5404	CFAC	271, 276, 533, 763	X	
Patrick Judge	443-2520	MEIC	HB 763		X
Tom Han	860-7740	NPRC	HB 276		X
BUD CLINCH	442-6223	MCC	HB-688	X	
Gary Hegreberg	2-4162	Contractors	271/276	X	
Willie Duffield	939-4443	MAOAC	HB 533	X	
Jon Bennion	697-0568	MT Chamber	271/276	X	
Jeff Barber	594-7806	MEIC	688, 533	X	
"	"	"	196		X
Tom Ebzery			271, 276	X	
Debbie Shea	493-1441	Montana Municipal Assn	271-276	X	
Julia Page	223-9923	Northern Plains	271, 276, 688	X	X
Don Allen	443-5544	WETA	271 & 276	X	
BUD CLINCH	442-6223	MCC	HB-533		
Margaret Morgan	431-9836	Halcyon (US), Inc.	HB 271/276	X	
Gary Amstoy	443-2370	Rockland Economic Development Corp.	HB 533	X	
Siri Smille	698-6729	MCV	HB 271/276, HB 763		X
Anne Hedges	443-2520	MEIC	HB 271/276		X
Duane Ankney	740-0629	HD 43	533/763	X	
KICK MOORE	696-0931	MEIC NPRC	HB 196		X
Patrick Judge	443-2520	MEIC	HB 196		X

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY